

## Centers for Medicare & Medicaid Services, HHS

**\$413.60**

(ii) The following illustrates how apportionment based on an average cost per diem for general routine services is determined.

### HOSPITAL E

Facts	Private accommodations	Semi-private accommodations	Total
Total charges .....	\$20,000	\$175,000	\$195,000
Total days .....	100	1,000	1,100
Programs days .....	70	400	470
Medically necessary for program beneficiaries .....	20		20
Total general routine service costs .....			165,000
Average private room per diem charge (\$20,000 private room charges ÷ 100 days) .....			<sup>1</sup> \$200
Average semi-private room per diem charge (\$175,000 semi-private charge ÷ 1,000 days) .....			<sup>1</sup> \$175

<sup>1</sup> Per diem.

*Average per diem private room cost differential.*

1. Average per diem private room charge differential (\$200 private room per diem—\$175, semi-private room per diem), \$25.

2. Inpatient general routine cost/charge ratio (\$165,000 total costs ÷ \$195,000 total charges), 0.8461538.

3. Average per diem private room cost differential (\$25 charge differential × .8461538 cost/charge ratio), \$21.15.

*Average cost per diem for inpatient general routine services.*

4. Total private room cost differential (\$21.15 average per diem cost differential × 100 private room days), \$2,115.

5. Total inpatient general routine service costs net of private room cost differential (\$165,000 total routine cost — \$2,115 private room cost differential), \$162,885.

6. Average cost per diem for inpatient general routine services (\$162,885 routine cost net of private room cost differential ÷ 1,100 patient days), \$148.08.

*Medicare general routine service cost.*

7. Total routine per diem cost applicable to Medicare (\$148.08 average cost per diem × 470 Medicare private and semi-private patient days), \$69,598.

8. Total private room cost differential applicable to Medicare (\$21.15 average per diem private room cost differential × 20 medically necessary private room days), \$423.

9. Medicare inpatient general routine service cost (\$423 Medicare private room cost differential + \$69,598 Medicare cost of general routine inpatient services), \$70,021.

(2) *Carve out method.* The following illustrates how apportionment is determined in a hospital reimbursed under the carve out method (subject to the private room differential provisions of paragraph (a)(1)(ii) of this section):

### HOSPITAL K

[Determination of cost of routine SNF-type and ICF-type services and general routine hospital services <sup>1</sup>]

Facts	Days of care		
	General routine hospital	SNF-type	ICF-type
Total days of care .....	2,000	400	100
Medicare days of care ...	600	300	
Average Medicaid rate ..	N/A	\$35	\$20
Total inpatient general routine service costs: \$250,000			

Calculation of cost of routine SNF-type services applicable to Medicare:

\$35 × 300 = \$10,500

Calculation of cost of general routine hospital services:

Cost of SNF-type services: \$35 × 400 .....

\$14,000

Cost of ICF-type services: \$20 × 100 .....

2,000

Total .....

\$16,000

Average cost per diem of general routine hospital services:

\$250,000 ÷ \$16,000 ÷ 2,000 days = \$117

Medicare general routine hospital cost:

\$117 × 600 = \$70,200

Total Medicare reasonable cost for general routine inpatient days:

\$10,500 + \$70,200 = \$80,700

[51 FR 34793, Sept. 30, 1986, as amended at 59 FR 45401, Sept. 1, 1994; 61 FR 51616, Oct. 3, 1996; 61 FR 58631, Nov. 18, 1996]

## \$413.56 [Reserved]

## Subpart E—Payments to Providers

### \$413.60 Payments to providers: General.

(a) The fiscal intermediaries will establish a basis for interim payments to each provider. This may be done by one of several methods. If an intermediary is already paying the provider on a cost basis, the intermediary may adjust its rate of payment to an estimate of the result under the Medicare principles of reimbursement. If no organization is paying the provider on a cost basis, the intermediary may obtain the previous year's financial statement from the provider and, by applying the principles of reimbursement, compute or approximate an appropriate rate of payment. The interim payment may be related to the last year's average per diem, or to charges, or to any other ready basis of approximating costs.

(b) At the end of the period, the actual apportionment, based on the cost finding and apportionment methods selected by the provider, determines the